



ANNUAL REPORT

2019

Message from Co-Chairs

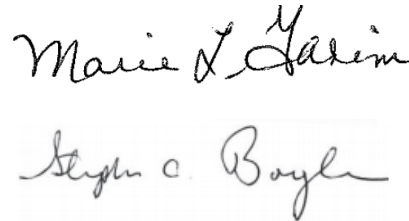
On behalf of the Office of the Health Insurance Commissioner (OHIC) and the Health Insurance Advisory Council (HIAC), we are pleased to present this annual report covering 2018. We owe appreciation to the Governor and the Legislature for their continued support of our work, and their leadership on behalf of the health of Rhode Islanders.

HIAC plays a constructive role in the work and priority-setting of OHIC, bringing forth the consumer, business community, and health care provider voices. As Co-Chairs of HIAC, we wish to thank every HIAC member, and the insurer and public representatives who attend and contribute to our monthly meetings.

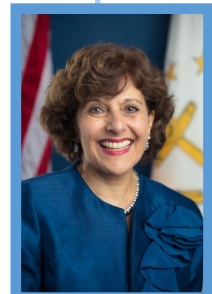
In 2017 and 2018, HIAC took to the road. We held public listening meetings in local communities, from Woonsocket to Portsmouth. We heard from public members who are struggling with health insurance issues. It is important to make these connections regularly so that our work is targeted to meet the needs of our residents.

We were challenged in 2018 by changing federal priorities related to the Affordable Care Act. It has been most helpful having different opinions about these shifting priorities around the HIAC table. We also want to thank the small, but mighty team of professionals at OHIC who work hard to protect consumers, reduce health spending and improve care.

Sincerely,

Handwritten signatures of Marie L. Ganim and Stephen C. Boyle in black ink.

Marie L. Ganim & Stephen Boyle
HIAC Co-Chairs



About HIAC

The Health Insurance Advisory Council (HIAC), established under RI law 42-14, exists “to obtain information and present concerns of the communities affected by health insurance decisions.”

About OHIC

The Office of the Health Insurance Commissioner was established in 2004 and is responsible for:

- Protecting the interests of consumers;
- Guarding the solvency of health insurers;
- Encouraging policies and developments that improve the quality and efficiency of health care service delivery and outcomes; and
- Viewing the health care system as a comprehensive entity and encouraging and directing insurers towards policies that advance the welfare of the public through overall efficiency, improved health care quality, and appropriate access.

Health Insurance Advisory Council Members, 2018-2019

Stephen Boyle (Co-Chair)

President

Greater Cranston Chamber of Commerce

Marie Ganim, PhD (Co-Chair)

Health Insurance Commissioner

State of Rhode Island

Sam Salganik, JD

Executive Director

Rhode Island Parent Information Network

Herbert Brennan, DO

Physician

David Katseff

President & CEO

MasterCast Ltd.

Vivian Weisman

Consumer Advocate

Karl Brother

Small Business Advocate

Daniel Moynihan

VP of Contracting and Payer Relations

Lifespan

Al Charbonneau

Executive Director

Rhode Island Business Group on Health

Deb O'Brien

President & COO

The Providence Center

Ruth Feder, Esq., MSW

Executive Director

Mental Health Association of Rhode Island

Teresa Paiva Weed, Esq.

President

Hospital Association of Rhode Island

David Feeney, RPh

Pharmacy Consultant

Protecting Consumers

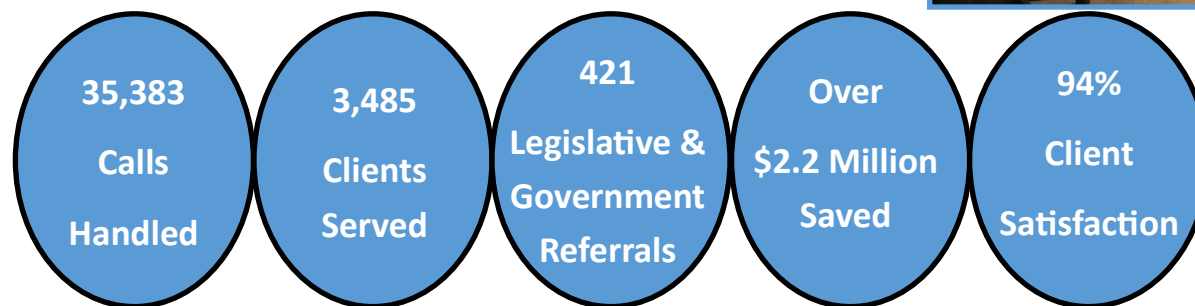
Consumer Protection is at the heart of all OHIC activities. In addition to closely monitoring the rates charged by health plans, OHIC ensures appeals processes are in place that are fair to patients and providers. With our community partner, the Rhode Island Parent Information Network, OHIC maintains a consumer assistance helpline to provide support, education and advocacy to Rhode Islanders facing health care barriers.

RIREACH: A Resource for Rhode Island Consumers

The Rhode Island Insurance Resource, Education, and Consumer Helpline (RIREACH) provides direct assistance to consumers who need help understanding and accessing their health coverage. ANY Rhode Islander with ANY type of health insurance can call RIREACH and speak with trained professionals who can help them navigate the process and get what they need from their coverage.



RIREACH 2018 By The Numbers:



1.855.747.3224
www.RIREACH.org



Monday - Friday
8:00 am - 5:00 pm

The Market Stability Workgroup

In response to changing federal health care policies in 2018, the Market Stability Workgroup was created to develop recommendations for the state to protect Rhode Island consumers from potentially devastating premium increases.

The Workgroup, jointly convened by OHIC and HealthSource RI, was established with three guiding principles: sustain a balanced risk pool; maintain a market that is attractive to carriers, consumers, and providers; and protect coverage gains achieved under the ACA.

A diverse group of stakeholders representing health insurers, employers, healthcare providers, the state legislature, and consumers, the Market Stability Workgroup met for 8 weeks from April to June before issuing its first set of recommendations. Among the recommendations was the pursuit of a federal innovation waiver to establish a **state reinsurance program**.

Thanks to swift action by the General Assembly, legislation authorizing HealthSource RI to pursue a waiver was passed, creating the pathway to have a reinsurance program established in time to impact 2020 health insurance rates.

Other proposals from the Workgroup included **state regulation of short-term health plans** and developing a **state shared responsibility requirement**.

What is Reinsurance?

Reinsurance keeps premium increases down by establishing a fund to help pay for some of the most expensive claims for persons insured in the Individual Market—stabilizing premiums by reducing the insurers' uncertainty about higher-risk enrollees.

Why a state reinsurance program?

Other states have set up reinsurance programs under 1332 innovation waivers and seen their projected premium increases significantly reduced. Federal pass-through funds are also available to support the cost of the programs.

Mental Health Parity

OHIC is working to ensure that mental and behavioral healthcare – including access to treatment for substance use disorders – are covered at parity with medical and surgical services. In 2018, OHIC completed the first of four examinations of Rhode Island health insurers' compliance with parity laws and regulations, and supported cost-share parity for routine behavioral health visits.

Lowered Co-Pays for Mental Health Care

As of January 1, 2019, Rhode Island health insurers are required to treat behavioral healthcare counseling like primary care visits for cost-sharing purposes.

Legislation introduced on behalf of the Governor by Representative Grace Diaz and Senator James Seveney became law. It prevents insurance plans from charging copays at the “specialist” rate for regular behavioral health counseling and medication maintenance visits. Now, the lower “primary care” copay will apply to these routine services.



“Insurance companies should cover addiction and mental health treatment just like they cover diabetes or other chronic conditions.”

- Governor Gina M. Raimondo
2018 State of the State Address

Market Conduct Examination for Behavioral Health Parity

OHIC released the first of four reports from its Market Conduct Examination of the major commercial health insurers operating in Rhode Island, to measure compliance with laws and regulations relating to coverage of mental health and substance use disorder benefits. Blue Cross and Blue Shield of Rhode Island's (BCBSRI) was the first report to be completed.

A market conduct exam is a detailed review of actual records of the insurer. In this case, that involved delving deeply into individual patient records and insurer payment decisions.

BCBSRI offered some innovative initiatives in response to the examination's findings. In addition to proposing investments in behavioral health system services, BCBSRI has voluntarily eliminated utilization review for in-network behavioral health services, potentially expediting the provision of needed patient care.

Behavioral Health System Improvement Fund

In 2018, OHIC created a new fund to invest in the mental health care needs of our state.

The Behavioral Health Fund is administered by the Rhode Island Foundation. It is funded with an initial contribution from Blue Cross & Blue Shield of Rhode Island of \$1 million per year over the next five years. The fund may also be supported by contributions from other sources.

Grant distributions from the fund will support projects that enhance primary and secondary behavioral health prevention services. The first grants from the fund are expected to be made in early 2019.

Transparency in Behavioral Health Coverage Documents

A recent report by the Center on Addiction recognized Rhode Island's 100% compliance in insurers' description of substance use disorder benefits in their plan documents.

Rhode Island is the only state that reviews all insurer plan documents annually to determine coverage and parity compliance.

Transforming the System

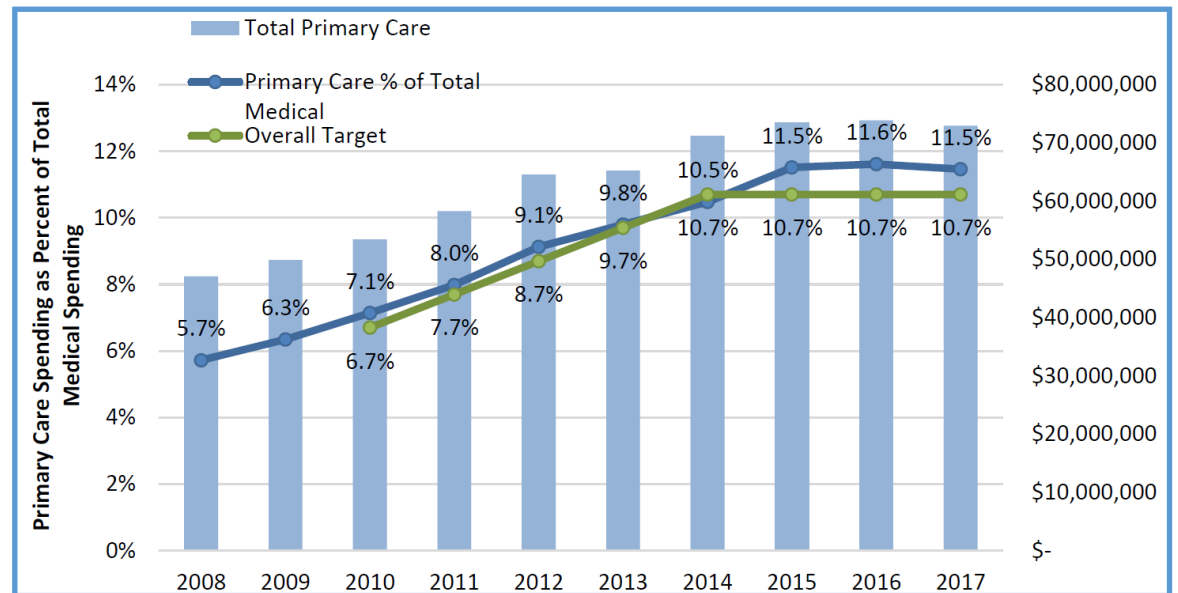
Charged with viewing the health care system as a comprehensive entity and driving policies that advance health care quality, efficiency, and access, OHIC is an engine of state healthcare reform.

OHIC Affordability Standards

Developed with the support of HIAC and diverse stakeholder input, OHIC's first-in-the-nation Affordability Standards have helped keep health insurance affordable while simultaneously promoting innovation in health care payment and delivery.

Since 2010, the Affordability Standards have increased investment in cost-saving primary care, especially **patient-centered medical homes (PCMH)** focusing on coordinated, team-based healthcare and overall wellness. Rhode Island currently has the third highest rate of PCMH practices per capita in the United States.

The Affordability Standards have directed insurers toward alternative payment models that promote efficiency and lead to better care, helping to slow healthcare spending and health insurance premium growth for Rhode Islanders.



Annual Cost Growth Target

Community leaders representing businesses, consumers, health care insurers and providers convened by Governor Raimondo have signed an agreement committing to “taking all reasonable and necessary steps” to keep cost growth in RI below a 3.2 annual target.

Members of the Rhode Island Health Care Cost Trends Steering Committee signed the “Compact to Reduce the Growth in Health Care Costs and State Health Care Spending in Rhode Island” on December 19, 2018. An executive order from Governor Raimondo will formally adopt the target and the state’s role in implementation and reporting.

The Compact was the culmination of more than three months of work by the Steering Committee, which was charged with developing the methodology to determine a cost growth target, and measure and report on total cost of care in Rhode Island and performance relative to the target. This work was made possible thanks to funding from the Peterson Center on Healthcare to the Brown University School of Public Health, working in partnership with OHIC and the Executive Office of Health and Human Services.

The cost growth target of 3.2% per year is based on Rhode Island’s Potential Growth State Product – the total value of goods and services in the state at a constant inflation rate. This target is to remain at 3.2% per year through 2022, at which point consideration will be given to a new target for 2023 and beyond.

The Compact’s signers have committed to “taking all reasonable and necessary steps” to keep cost growth below the target, “while maintaining (or improving) quality and access.”



Commissioner Ganim signs the Compact with Steering Committee Co-Chairs BCBSRI CEO Kim Keck and Coastal Medical CEO Dr. Al Kurose.

Containing Costs

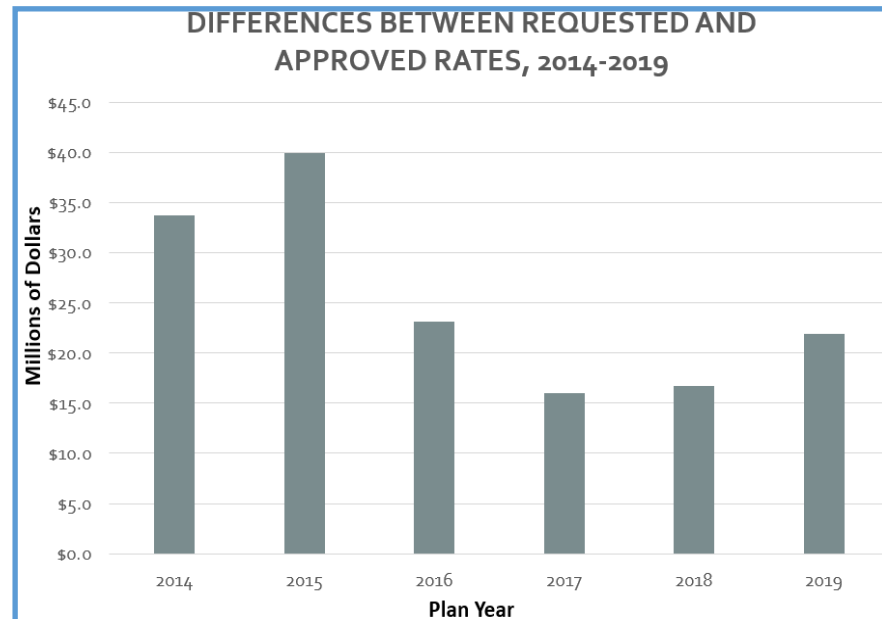
The Health Insurance Advisory Council keeps OHIC informed of the challenges consumers and employers face when it comes to accessing affordable health care for workers and families. Insurance rates are driven primarily by the underlying cost of medical care, which OHIC has been able to dampen through the Affordability Standards. The annual rate review process allows OHIC to take a deep look into insurers' proposed rates for the coming year, a critical function that both monitors our health insurers' fiscal stability and saves consumers from excessive premium increases. Since 2012, OHIC's rate review has saved Rhode Islanders \$258 million.

Annual Form and Rate Review

In order to ensure that insurance rates are fair to consumers and that insurance carriers stay financially healthy, OHIC reviews the prices that insurers set and the plans that they create through the annual form and rate review process.

Insurers in the state must submit information on plan benefits and premium rates annually. OHIC then reviews all proposed rates to determine if health insurance companies are proposing reasonable rates. No new premium changes may take effect without the approval of the Health Insurance Commissioner.

Rates approved in 2018 to take effect January 1, 2019 will be \$21.9 million lower than what insurers asked OHIC to approve. RI's 2019 Affordable Care Act benchmark premium will be the second-lowest in the US.

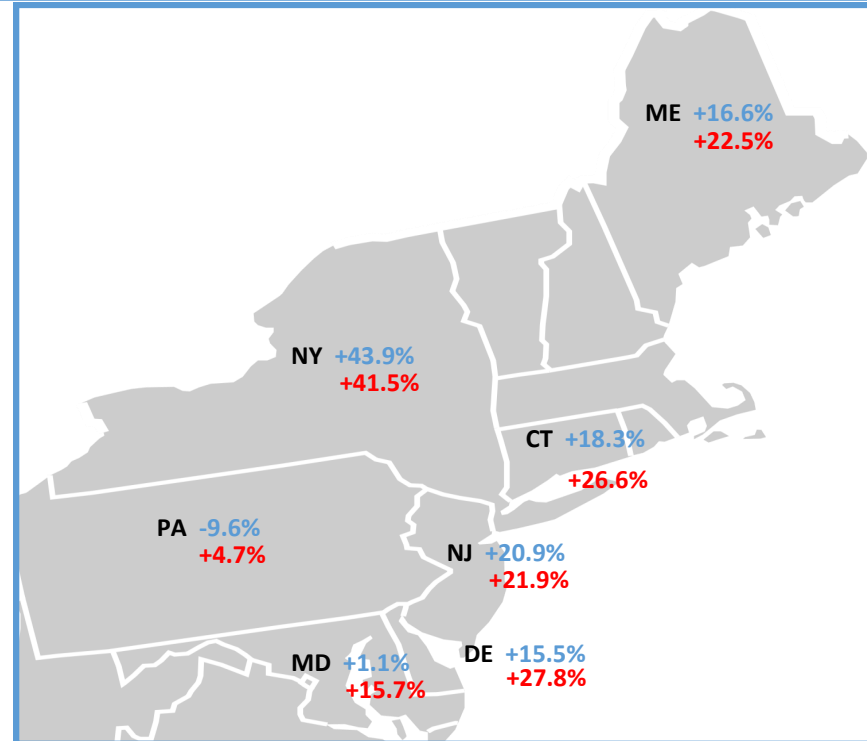


RI Premiums Lower than Other States

OHIC worked with consultants at Bailit Health to conduct an analysis of Rhode Island health insurance premiums as compared to premiums in other states. By adjusting for the relative actuarial values of plans between different states, they were able to make a useful comparison that shows where Rhode Island stands in terms of average health insurance premiums in the individual and small group markets.

The difference between each state's adjusted average premium and Rhode Island's is shown for the individual market in blue and small group market in red.

For example: in 2016, Maine's average individual market premium, adjusted to account for differences in plan value, was 16.6% higher than Rhode Island's average individual market premium; Maine's average adjusted small group market premium was 22.5% higher than Rhode Island's.



Overall Average Premium Variance vs. RI, 2016

INDIVIDUAL MARKET
SMALL GROUP MARKET

State Innovation Model (SIM)

In 2015, Rhode Island was one of 24 states to receive a State Innovation Model (SIM) Test Grant from the federal Centers for Medicare and Medicaid Services (CMS) with the goals of enhancing the health of the population, improving the experience of care, and reducing the cost of healthcare. SIM support is integral to several OHIC activities to improve primary care and behavioral health infrastructure and transform the way healthcare is delivered and paid for in RI. Although the SIM grant ends in 2019, sustainable reforms have resulted from this work.



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